

Monday, December 11th, 2006:

Lots of action in Washington during the last week of the 12 year Republican majority. Here is a summary:

**Iraq Study Group:** By now, you have heard lots about this. My take is that no new ground was really broken here. The report says that, after years of improvement, the situation in Iraq has deteriorated significantly in the past few months. Therefore, a change in tactics is required. There is no debate on either of these points. It also calls for training Iraqi troops to take over from U.S. troops as soon as possible. This has always been the objective since the beginning. The more difficult question is what the tactics should be to accomplish this objective while leaving a stable government that will oppose the forces of Islamic fascism. On that, the report is vague.

That is because there are no easy answers. Now that the election is over and this report is out, I hope we can all put our partisan objectives aside and realize that there are no clear answers here. We must all work together to try and find a solution that reduces our involvement while not allowing Iraq to devolve into a new petri dish from which Islamic fascism can grow bigger and stronger to attack us again. In my view, everything should be on the table including a split up of the country. A failure, followed by a partisan "gotcha" will not serve the country well. Having a successful resolution is too important for that.

By the way, the government of Iran is hosting and sponsoring a holocaust denial conference on December 10th and 11th. Yeah, that plus their president's stated desire to kill Americans sure makes me want to include them on planning the future of Iraq.

**Oil Exploration:** The House and Senate passed a much debated bill allowing exploration for oil and gas in the Gulf of Mexico, where the bordering states want the activity. This bill did not address any other offshore drilling and therefore the moratorium against drilling off the coast of California and other places remains in effect. There are vast untapped resources in the Gulf that we will now begin to extract.

**Tax Credits/Deductions:** Both Houses also passed a bill that extends or renews 60 different tax deductions and credits. Some of the bigger ones are the R&D tax credit, the deduction for sales taxes on personal income tax returns, lots of energy efficiency credits and welfare-to-work credits. The ability to open and make transfers to health savings accounts (HSA's) was also greatly expanded. Unfortunately, California tax law still does not recognize HSA's so they are not nearly as effective in California. And we were again unsuccessful in getting enough Democrat support for a permanent reduction of the death tax.

**Physician Reimbursement:** Cuts in the rate of reimbursement to medical providers (doctors) from Medicare were suspended for one year. The additional cost of this provision was offset by taking money from the Medicare "stabilization" fund.

**Trade Issues:** A trade bill was passed by both Houses which contains numerous provisions including normalizing trade relations with Vietnam; eliminating tariffs on textile imports from Africa and Haiti; and extending existing trade agreements with Peru, Columbia, Ecuador and Bolivia.

**Federal Budget:** Only 2 of the 11 bills necessary to fund the budget for the fiscal year that began October 1st have passed. So, both Houses passed a continuing resolution funding the government at or below last year's level until February 15th, 2007. This is good news for fiscal conservatives because it means that spending will decline from the prior year during this period. We will see what the new majority will do with the remainder of the fiscal year.

**India Peaceful Atomic Energy Act:** This bill allows civil nuclear cooperation between India and the U.S. This is a priority of President Bush who wants to help India develop nuclear power rather than have them use more oil as their economy develops. There are a number of "hurdles" that have to be jumped before any materials or technology can flow to India, but the bill begins the process. It passed overwhelmingly.

**Summary:** The vote to pass the trade bill in the House was quite close (212 - 187). All the other bills I discussed passed with substantial bipartisan majorities. Like all long complicated bills, these all included things I liked and things I didn't. I've pointed out most of the good bits in the above descriptions. But the tax bill contained some silly credits or provisions that benefited only a few taxpayers (like the one requested by Senator Reid (D-NV) having to do with federal lands in White Pine County, NV - population: 9,181). The trade bill continued the huge tariffs on imported ethanol which will further hinder our ability to reduce our oil dependence. The

Medicare bill raises costs without enough structural reform.

But cobbling together enough votes requires compromise. And compromise means you take some things you don't like for more things that you do like. I voted for all of these bills because, on balance, each had more good stuff than bad stuff.

Good-bye to the 109th Congress. Onward to the 110th Congress. More about that next week.

Until then, I remain respectfully,

Congressman John Campbell